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Approved For Release 2005/04/21 : CIA-RDP75B00514R000100220005-7

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MEMORANDUM FOR: Deputy Director for Science and Technology

SUBJECT: Contract Procurement (NRO)

REFERENCE: Memo to D/PPB fr ExDir, dtd 10 Jul 72, subj: CIA Contracts

Carl:

1. As a follow-up to the attached memo, D/PPB and D/L are investigating a more systematic approach to our understanding and recording of the contract "cost growth" problems in CIA. Related to this, of course, is the management responsibility, as well as the political necessity, to be fully knowledgeable of the competitive status of all contract actions for which the DCI is ultimately responsible.

2. I understand the practical justifications for compartmentalizing the NRO and CIA contracting efforts and don't intend any change in this approach. Yet, as you well know, the trend is toward viewing the intelligence programs of all U.S. Government agencies as a unified effort under the general resource guidance of the DCI. The CIA contracting effort and your slice of the NRO procurement effort are both under the direct authority of the DCI, and I think you would agree that it would be difficult for him to discuss one approach without also understanding its relationship and rationale with the other. Consequently, I have asked the Director of Logistics to have [Redacted] because of his familiarity with NRO practices, look into the problems associated with paragraph 2d. of my memo to D/PPB and to work with [Redacted] new Chief of your Procurement Management Staff to develop a reasonably simple data base for constructing and recording the reasons for cost growth in the Agency-controlled NRO

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NRO review(s) completed.

DD/S&T
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programs. The D/L does not intend to get into the management of this effort, [Redacted] assignment can be viewed as an independent effort for me.

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W. E. Colby
Executive Director-Comptroller

Attachment
As stated

cc: DDS
D/L
D/PPB

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10 JUL 1972

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MEMORANDUM FOR: Director of Planning, Programming and Budgeting

SUBJECT : CIA Contracts

REFERENCE : Background Paper for ExDir, dated 1 June 72,
Subj: CIA Contracts [REDACTED]

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25X1 1. Thank you for this excellent summary of the CIA Contract picture, prepared against the possibility of the subject coming up during our recent Congressional hearings. Now that these are past, I would like to continue the effort to regularize our coverage of this important topic and enable us to be immediately responsive to any question in this field. In this context, I also appreciated the opportunity to review the excellent 1970 paper on this subject by [REDACTED]

2. Thus, can we:

a. Examine the merits and bureaucratic costs of adopting the DOD definition of cost growth, with its subdivisions, and attributing contract changes to the appropriate subdivision. Let us not try to go back and recapture past experience, but look at whether we should initiate the same procedure as DOD as soon as this can conveniently be organized.

b. Include in the monthly Comptroller's meeting a review of the current status of our contracting efforts and any cost growths that occur during the period.

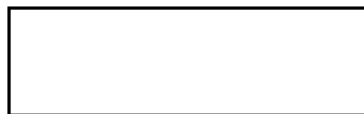
c. I would appreciate some way of recording and reporting the degree to which our contracts are competitive, accepting the basic points of principle brought out in your study.

d. On some of the major procurement programs, primarily of DD/S&T, it might be appropriate to reconstruct the cost growth in accordance with the DOD definitions, with a precise

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assignment of responsibility for the individual changes to the individual categories of the DOD cost growth concept. These would involve NRO funds, but we might well be asked about our management of them and would be well served by having the facts on the subject.



W. E. Colby
Executive Director-Comptroller

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Attachment:
Reference